
CARE Sustainable Funding Oversight Committee

Q2 2018 AB 2398 Summary &
Recommendations for Approval



Agenda

- ✓ Quarterly Overview of Results
- ✓ Manufacturers Report
- ✓ Quarterly Subsidy and Expense Payouts
- ✓ Drop-off Program Update
- ✓ Other Information (as required)
- ✓ Approval Requests



CARE's Executive Director's Message

Results in Q2 continued growth as anticipated with a record quarter for recycled output at 13.9M pounds, up from 11.1M pounds in Q1. New carpet sales were down, are the lowest Q2 level in the last 5 years, and YTD sales are now more than 1M yd² behind budget. Gross collections were up almost 25%. The **recycling rate** was **16.3%**, up 12% vs Q1 and continuing the positive slope on this important metric. Total expenses for the quarter were approximately \$4.9M with 77% of those funds going to the recyclers.

The revised 2018-2022 5-Year Plan was submitted to CalRecycle on August 17th as required and with extensive modifications to address RFA findings and Advisory Committee feedback.

The 2017 CA Annual Report will be submitted, by approval, to CalRecycle on September 1st this year due to the required review by the Advisory committee prior to submission to CalRecycle.

Despite uncertainty in the marketplace over Plan approval, substantial progress continues to be made under the existing Plan, thus signaling the current subsidy structure and support are working as designed. Additional capacity is expected to come on-line in late September.

All stakeholders are encouraged to go to the CARE website, click on the CA tab and sign up for the monthly news letter to stay abreast of the latest developments. www.carpetrecovery.org

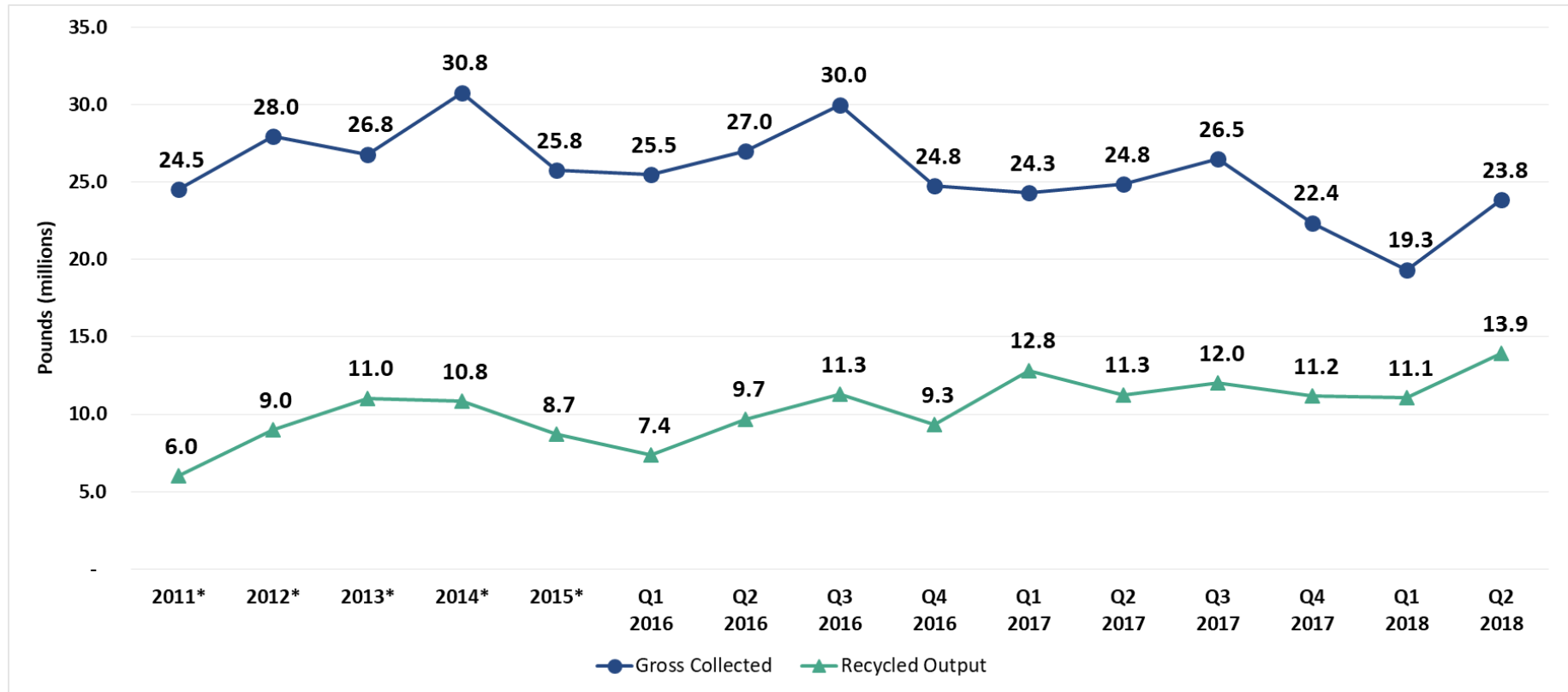
Bob Peoples, Ph.D., Executive Director, August 28, 2017



AB 2398 Summary Results



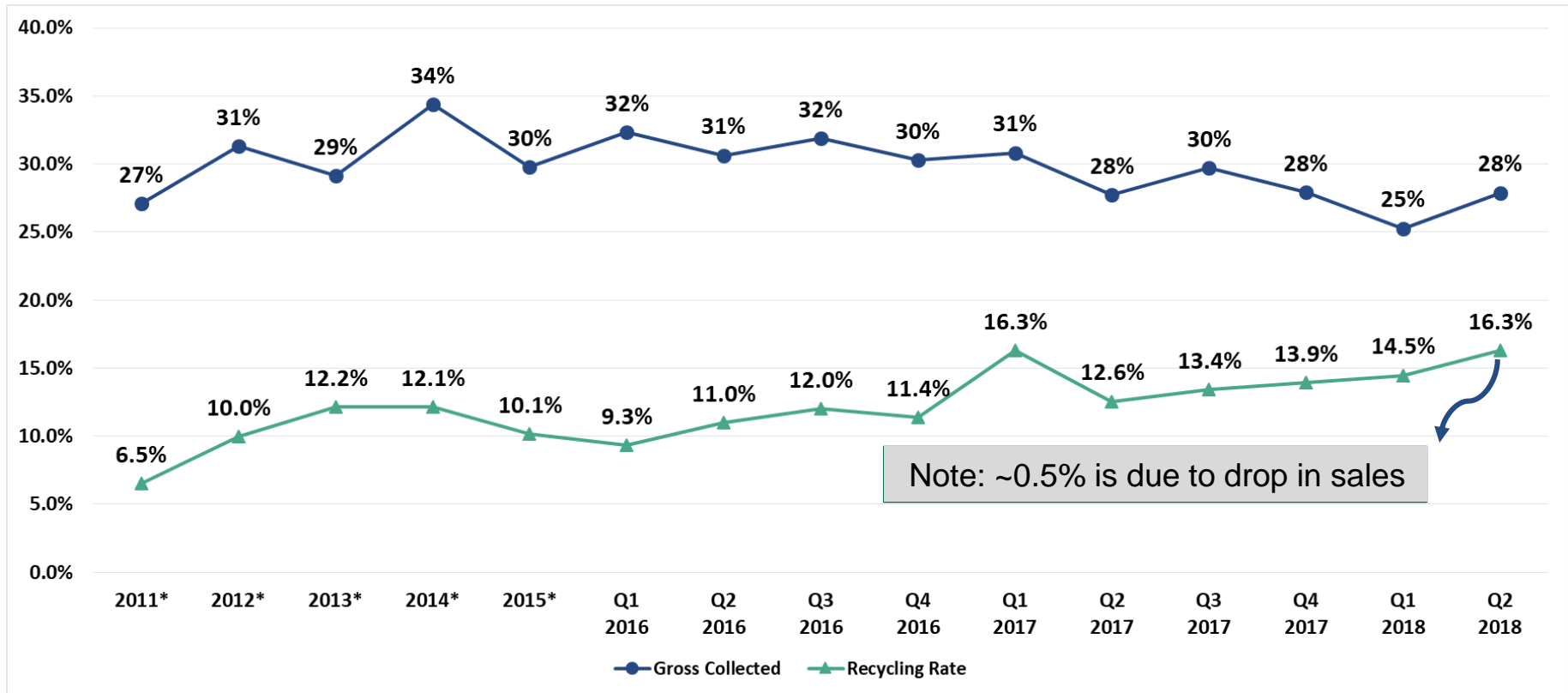
AB 2398 Performance Trends (millions of pounds)



*Average: 2011 is average of Q3 & Q4; 2012-2015 is 4 quarter average



AB 2398 Performance Trends (percentage)

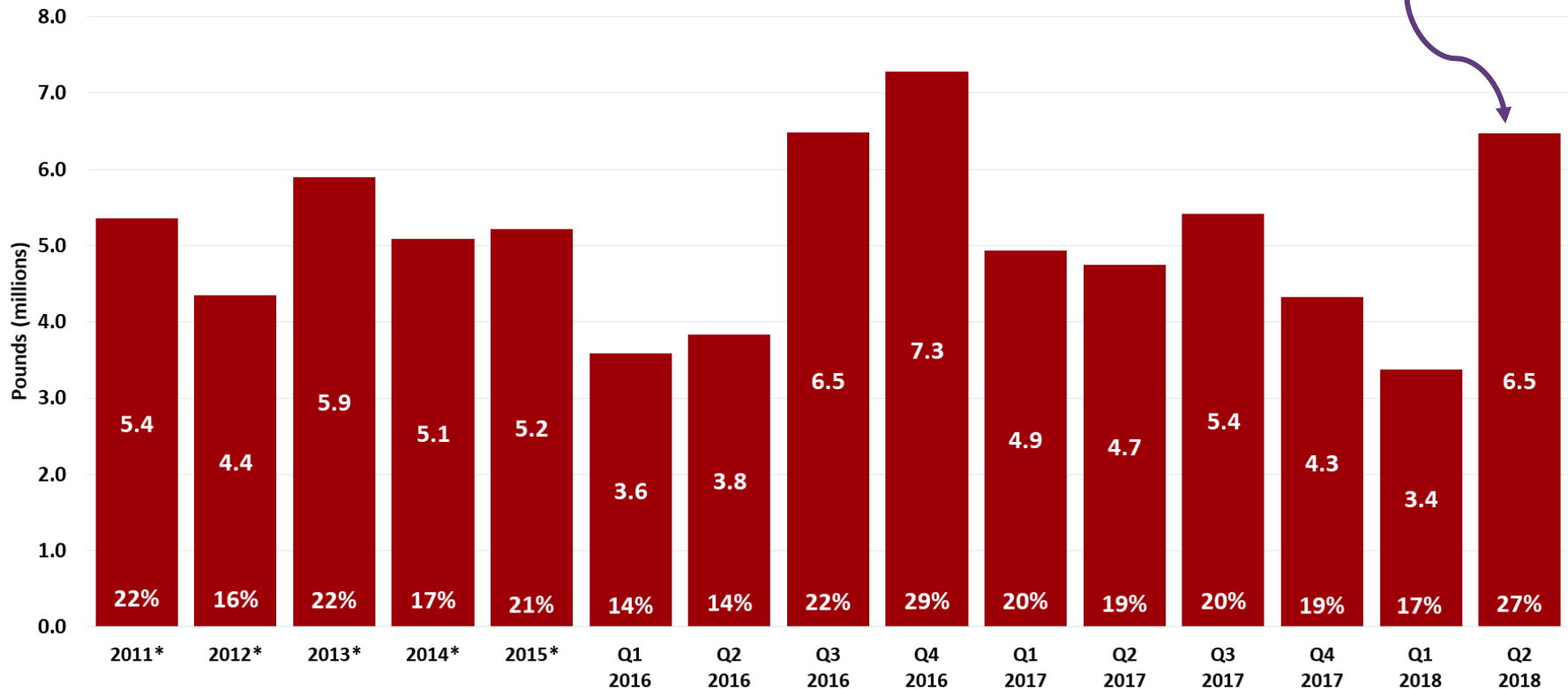


*Average: 2011 is average of Q3 & Q4; 2012-2015 is 4 quarter average



Gross Collected PCC Sent Back to Landfill**

Note: collections were up 4.5M lbs or 23%



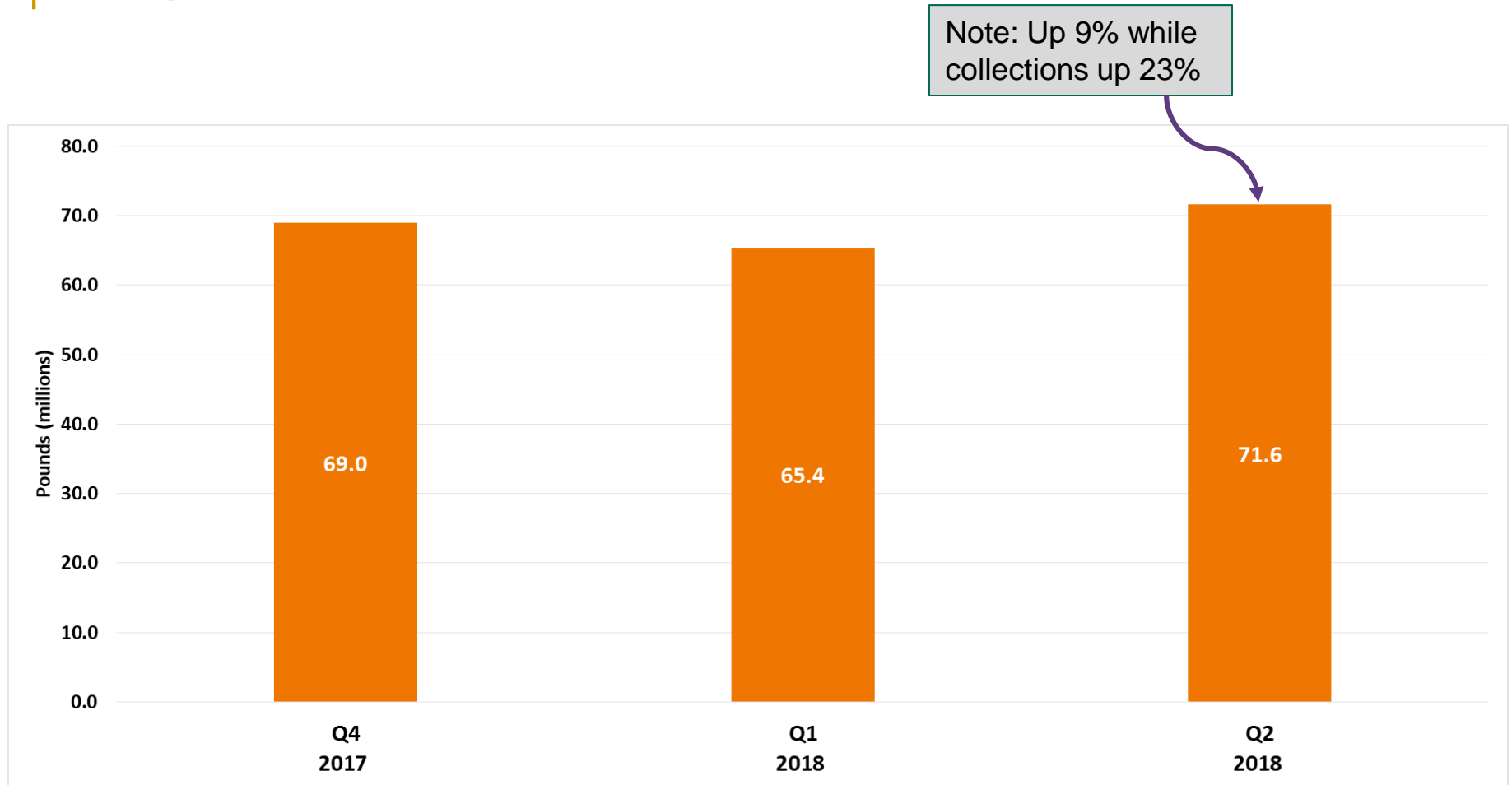
Q2-2018 Gross Collected: 23.8M pounds – 6.5M sent to landfill
Cumulative to landfill: 143.4M lbs.



*Average: 2011 is average of Q3 & Q4; 2012-2015 is 4 quarter average

**Percentages shown is % of Gross Collected PCC that actually goes to landfill as PCC or process waste. Data above includes Processor as well as Sorter landfilled pounds beginning in Q2 2014.

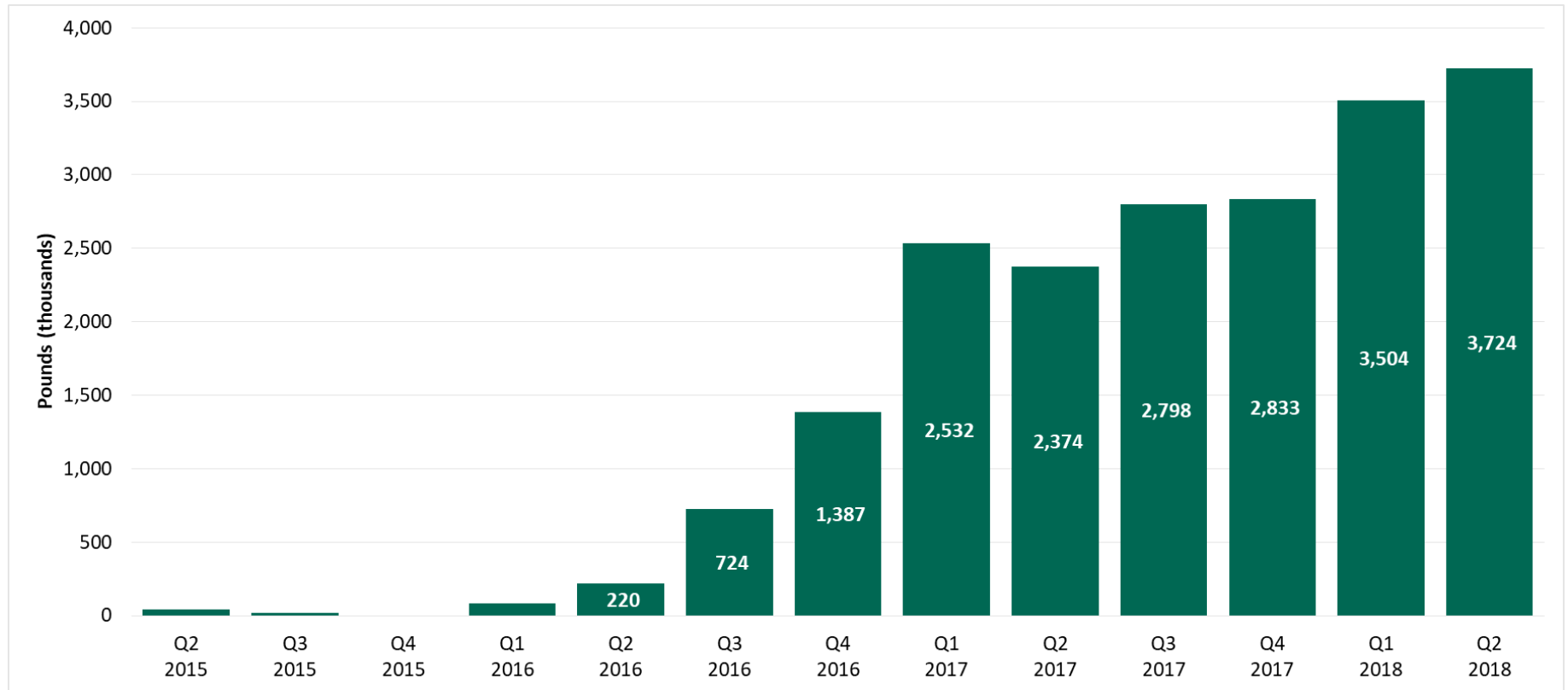
Disposal



% Change in Disposal: 9%



Calcium Carbonate (PC4) by Quarter



AB 2398 Manufacturers/Mills Quarterly Summary Report



AB 2398 Mills' Summary

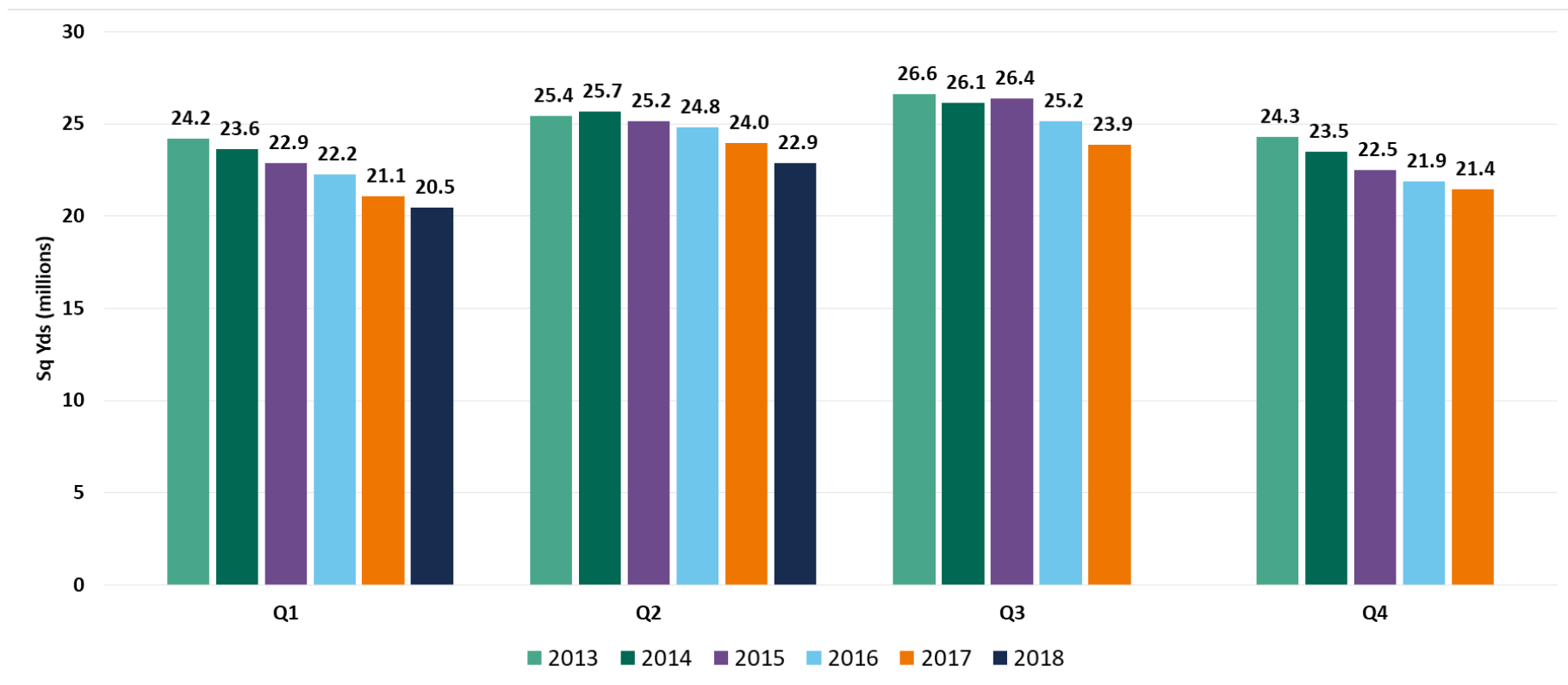
Mills - With Yearly Roll-up					
	2015	2016	2017	Q1 2018	Q2 2018
# Mills Registered	78	75	76	73	74
# Mills Not Reporting	0	0	3	2	2
Non-response Rate	0%	0%	4%	3%	3%
Remittance Collected					
Total Sq Yd Sold (millions)	96.9	94.1	90.4	20.5	22.9
Total Remittances (\$M)	\$ 8.60	\$ 16.60	\$ 22.72	\$ 5.12	\$ 5.72
Top 10 Remittances (>\$10K)	\$ 7.86	\$ 15.21	\$ 20.93	\$ 4.76	\$ 5.38
Top 10 Percentage of Total (Avg)	91%	91%	92%	93%	94%

Cumulative SQYD sold: 672.7M

Cumulative Remittances: \$76.23M



Sales by Quarter



AB 2398

Quarterly Subsidy and Expense Payouts



Summary of Payouts Q2 2018

1

CSEs		
CSE Reporting Incentive	\$	9,000
Tile Recycling or REUSE PILOT (CSEs)	\$	2,084
Tile Recycling or REUSE PILOT (Processors)	\$	8,770
Tile REUSE (CSEs)	\$	4,168
Tile REUSE (Processors)	\$	17,237
Broadloom REUSE (CSEs)	\$	-
Broadloom REUSE (Processors)	\$	11,733
Total Reuse Payout	\$	33,138
Broadloom Shipped and Sold for recycling (CSEs)	\$	68,032
Broadloom Shipped and Sold for recycling (Processors)	\$	293,285
Adjustments	\$	-
Total All CSEs Payouts	\$	414,308

2

Processors		
Total Reuse Payout	\$	33,138
Tile RECYCLED	\$	303
Type 1 Standard Payout	\$	985,887
Total Type 1 Payout	\$	986,190
Type 2 Filler/Other	\$	-
PC4 (Calcium Carbonate)	\$	633,028
Total Type 2 Payout	\$	633,028
Adjustments	\$	-
Total All Processor Payouts	\$	1,619,218

3

Manufacturers		
Non-Nylon Payouts	\$	1,646,798
Nylon 6 Payouts	\$	39,397
Adjustments	\$	-
Total All Manufacturers Payouts	\$	1,686,195

4

Subsidy Payouts

Total Subsidy Payouts for Quarter \$ 3,719,720



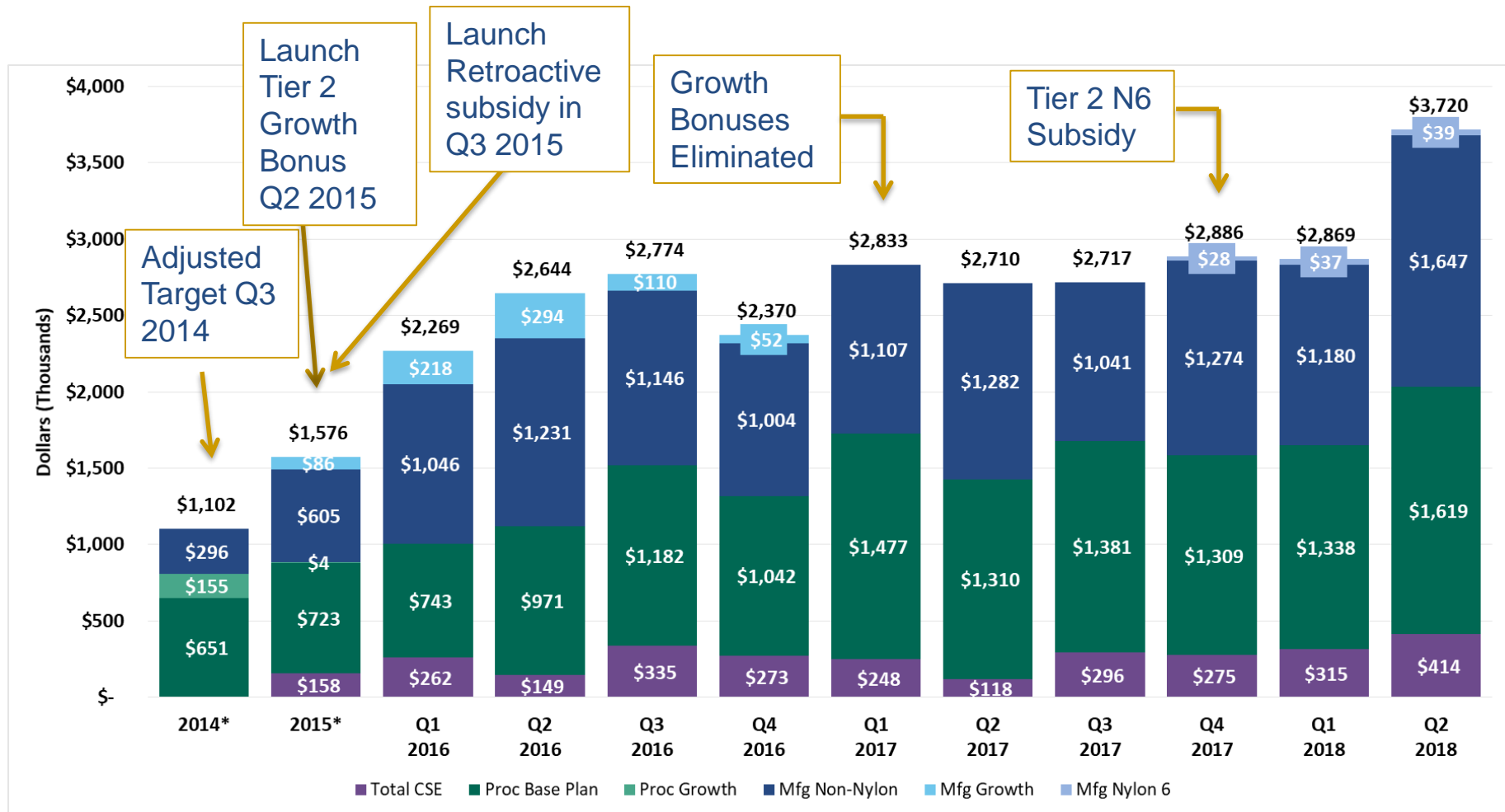
Summary of Expenses

Expenses	Q2 2018	Percentage
Subsidy Payouts Total	\$ 3,719,720	77%
Advisory Committee	\$ 3,073	0%
Education and Outreach	\$ 239,725	5%
Collections Program	\$ 185,803	4%
Grants	\$ 10,000	0%
Technical Assistance	\$ 110,618	2%
Program Expenses Sub-total	\$ 549,219	11%
CalRecycle	\$ 136,191	3%
CARE Administration Cost	\$ 8,586	0%
Direct Expenses	\$ 169,994	3%
Direct Support	\$ 141,306	3%
Accounting and Legal	\$ 133,032	3%
Admin Expenses Sub-total	\$ 589,109	12%
Program & Admin Expenses Total	\$ 1,138,328	23%
Total		
Total Expenses	\$ 4,858,048	100%



All data from Melanie confirmed 8/6/18

Payouts Over Time



*Average: 2014-2015 is 4 quarter average

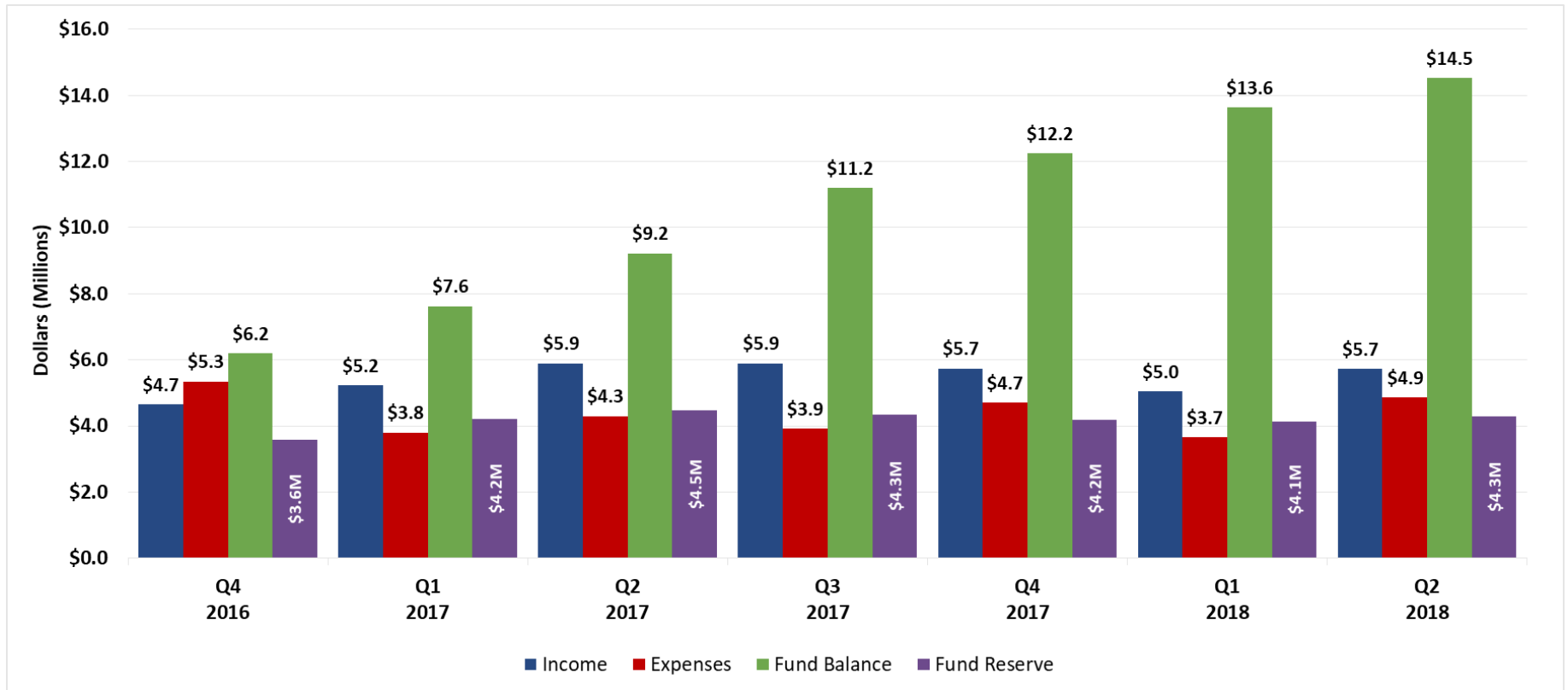
NOTE: All REUSE payouts are now counted under the CSE category. Previously, they were split between the CSE and Processor categories respectively. Historical data has been adjusted to reflect this change in order to accurately show trend lines. The quarterly total payout numbers were not changed – just re-categorized.



Fund Balance Trends

ACCRUAL BASIS

Based on unaudited numbers – adjustments may be made after audit closes

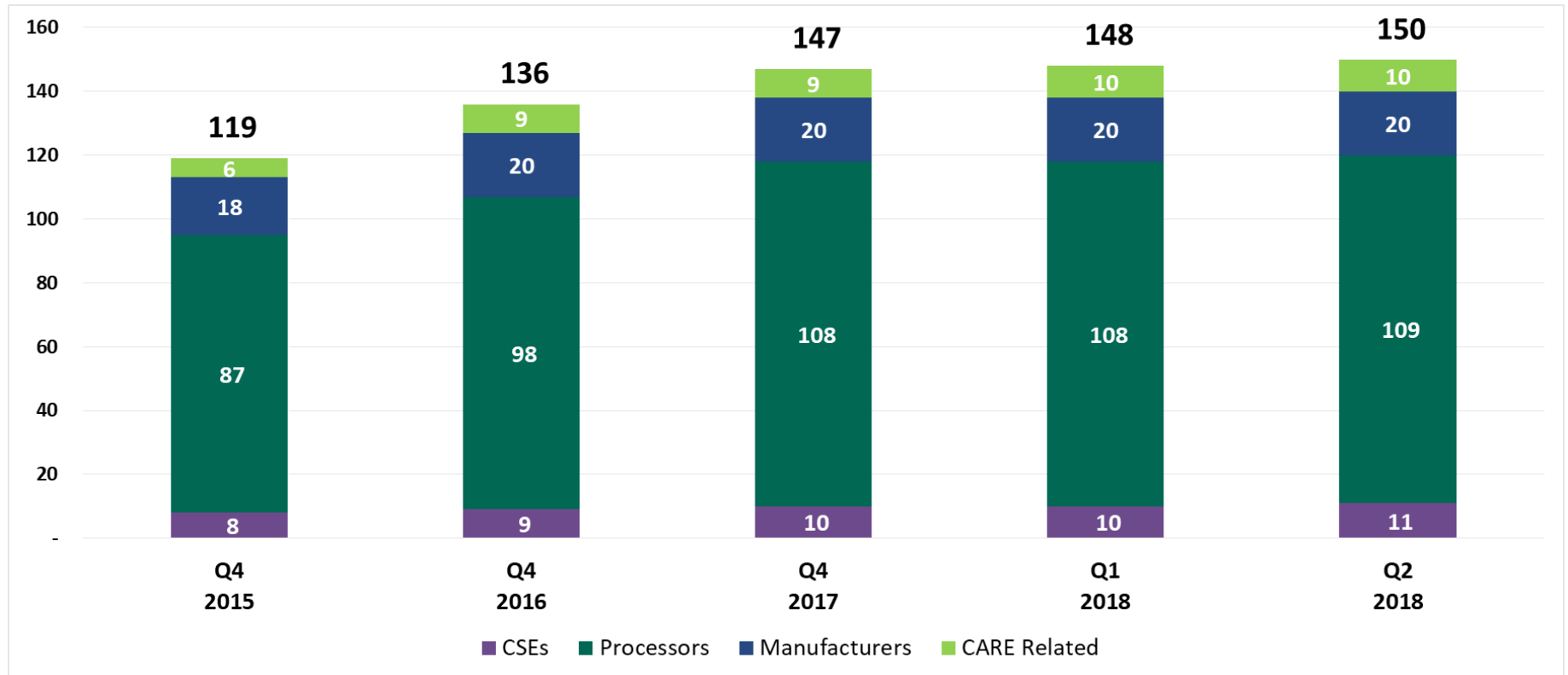


Reserve = average of the last 4 quarter payouts (effective Q3-2015)



CA Employees (FTEs*)

Carpet Solutions Shutdown



* Fulltime equivalent employees



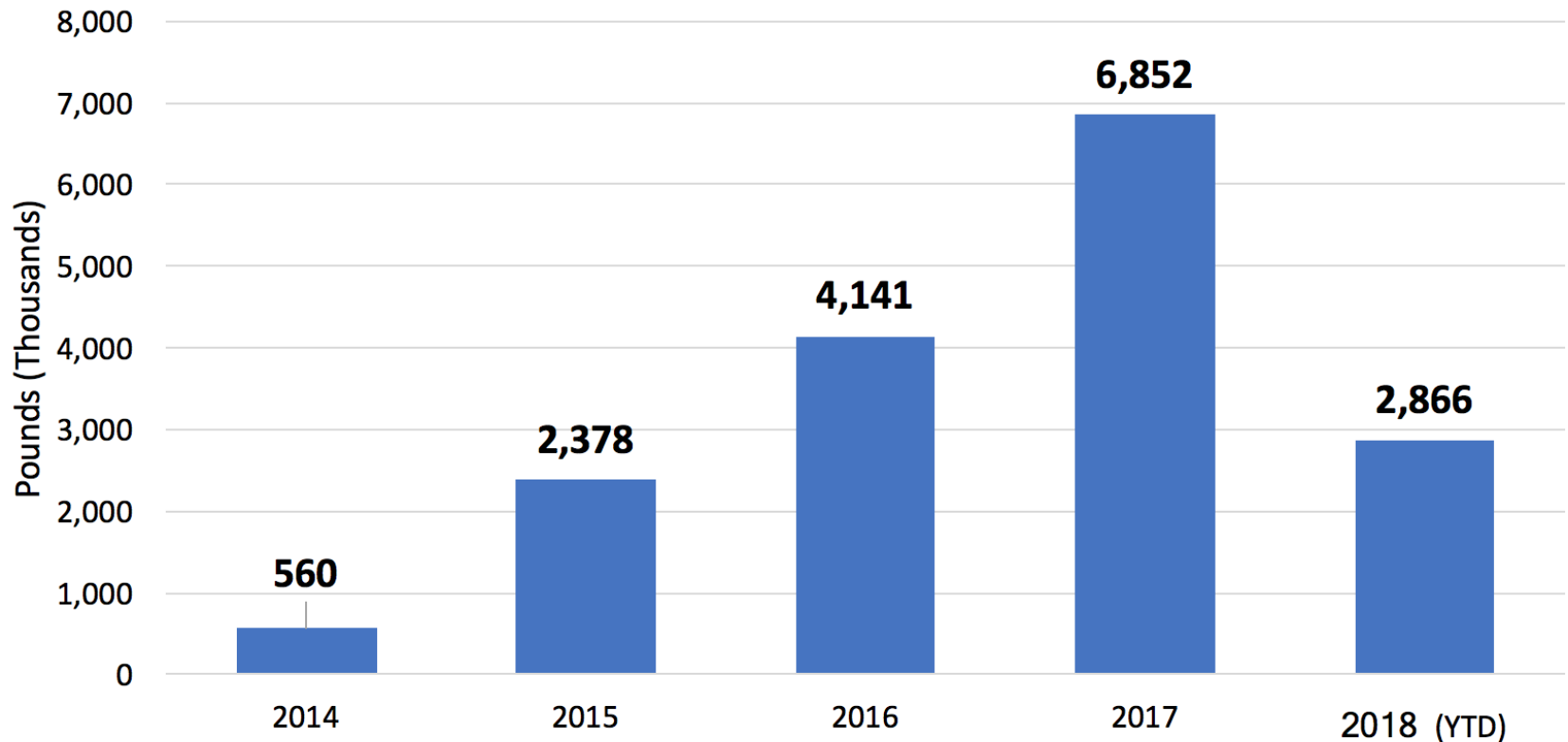
Drop-Off Site Program Update

Q2 2018



Material Collected by CARE Drop-Off Sites (Annual)

Drop-off Site Pounds Collected

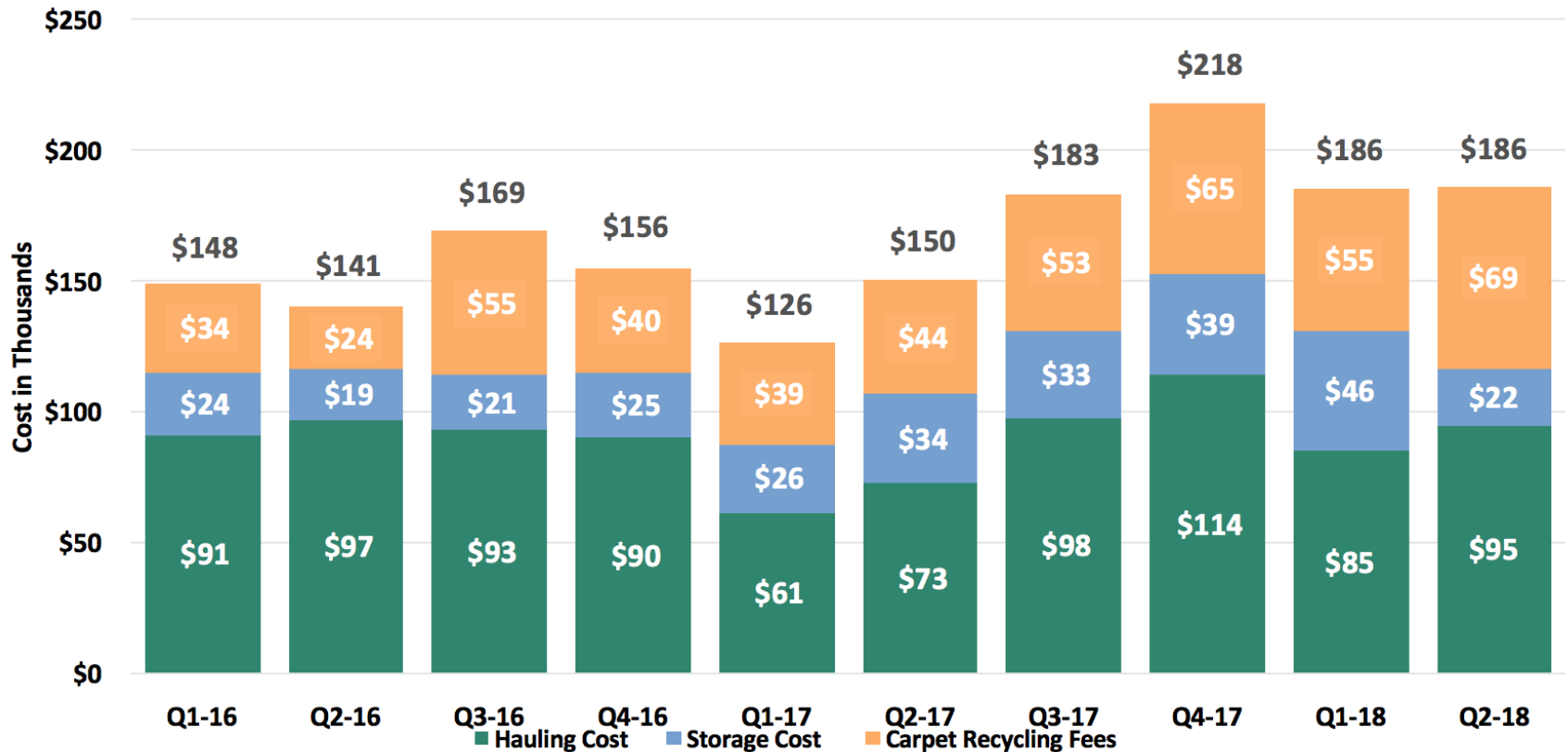


- Q1-Q2 2018 lbs collected: **42% of total 2017 lbs collected**
- Q2 2018 lbs collected: **72% increase over Q2 2016 lbs collected;**
15% increase over Q2 2017 lbs collected



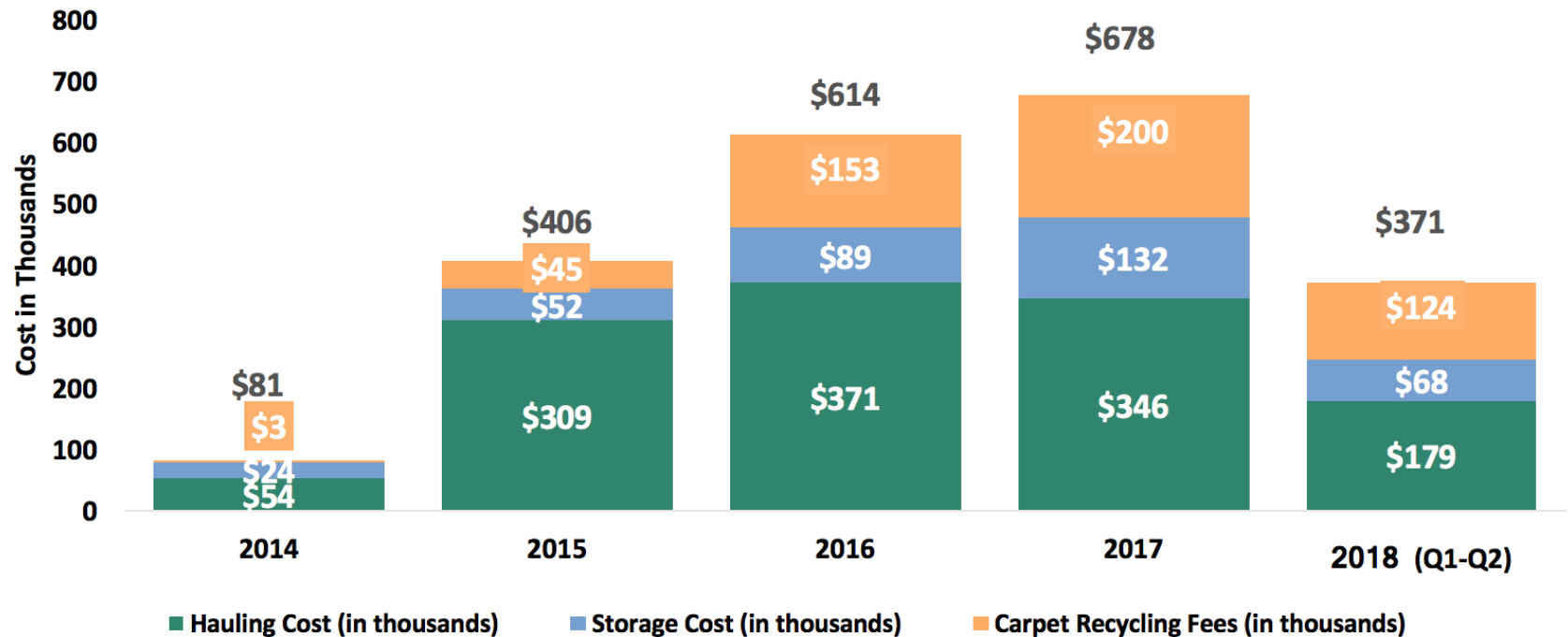
Drop-Off Site Total Program Costs

Drop-off Site Program - Quarterly Costs



Annual Cost Comparison

Drop-off Site Program - Annual Costs



- **Hauling:** 51% of Q2 2018 Total Program Cost
- **Storage:** 12% of Q2 2018 Total Program Cost
- **Carpet Recycling Fees*:** 37% of Q2 2018 Total Program Cost

**"Carpet Recycling Fees" was referred to as "Tipping Fees" in previous slide decks



Drop-Off Site Program Summary

Annual Data Summary					
Data Collected	2014	2015	2016	2017	2018 (Q1-Q2)
Hauling Cost (in thousands)	\$54	\$309	\$371	\$346	\$179
Storage Cost (in thousands)	\$24	\$52	\$89	\$132	\$68
Carpet Recycling Fees (in thousands)	\$3	\$45	\$153	\$200	\$124
TOTAL Cost (in thousands)	\$81	\$406	\$614	\$678	\$371
Cost/lb Collection	\$0.14	\$0.17	\$0.15	\$0.10	\$0.13
Cost/Capita*	\$0.08	\$0.05	\$0.03	\$0.005	\$0.006
Pounds Collected (K lbs)	560	2,378	4,141	6,852	2,866
Private Drop-Off Sites	Not Available	201	200	216	162
CARE Drop-Off Sites	14	23	32	44	49

- **49 operational CARE Drop-Off Sites in 42 CA counties**
- **162 operational private sites** reported at the end of Q2

**Cost/Capita uses updated Census information as available*



Recommendations to SFOC



Recommendations for SFOC Approval

1) Approve CSE subsidy*	\$414.3 K
2) Approve Processor subsidy*	\$1,619.2 K
3) Approve Manufacturer subsidy	\$1,686.2 K
4) Approve Program costs	\$549.2 K
5) Approve Administrative costs	\$589.1 K
Total Payout:	\$4,858.0 K

* Some Processors also collect and those pounds are counted as CSE pounds.
Dollars are tracked in each category respectively.



End of Review

